

Microeconomics essay example

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Consider the following list of goods. For each good, explain the following point List of Goods: A cup of coffee at a coffee shop, Public Good, the private market should provide this good B City fire protection, Public Good, government should provide this good C Polar bears in the Arctic, Common Resource, this characteristics of the good would make it difficult to be provided by the private market or the government D Clean air, Common Resource, also this characteristics of the good would make it difficult to be provided by the private market or the government

Subtitle: The Principal Agent Problem Define the principal agent problem= The Principal Agent problem arises when an employee acts in their own best interest instead of in the best interest of the company or stockholders. Do corporate managers always act in the best interest of shareholders? Explain. No, many Coos have used accounting tricks to make the company appear more profitable to investors in order to push the stock price up. Long term interests of the company are not being served. Research and present one CEO (Chief Executive Officer) pay package.

Does this CEO ran more money if the company performs well? What penalty does the CEO receive if the company does not perform well? Mike Duke, Walter CEO king of the CEO, yes he earn more, Penalty if sells are down less than 7 percent of his total compensation and he will only earn a significant majority of his overall compensation package. Does the pay package of the CEO you presented add to or reduce the principal agent problem? Explain, Reduce agent problem does not act in his own best interest in best interest of the company and stockholder. Microeconomics By Michael-Glover